

Exhibit No. 2Date 2/18/11Bill No. SB 351

February 18, 2011

Good Afternoon:

My name is Doug Davenport; I am the Chief Financial Officer of Benefis Health System in Great Falls. I have 25 years experience as both a Chief Financial Officer and healthcare consultant, and have worked in several large managed care markets and am aware of the problems managed care can create, if not properly thought through and structured.

My experience with legislation of this sort, having been through a similar process while working in Texas, allows me to confirm Benefis Health System's support of this bill.

This bill provides for three key elements that I believe are critical to long-term success of any proposed Medicaid Managed Care initiative.

1. It provides for a **transparent process** so everyone – enrollees, patients, physicians, hospitals and other providers can understand how the system should work.
2. It provides for **input**, in the form of an advisory council, that includes health care providers. This is key in adopting a new delivery system for providing Medicaid services. And let's be very honest with each

other: what is being proposed is a complete reconfiguration of the current delivery system and how it works.

3. It provides for choice. Providers have to enter into new contracts to participate. No one will be able to say they were assigned, conveyed or transferred from an old program to a new program without their knowledge. A conscious choice will need to be made.

Last, at Benefis, and in the entire Great Falls primary care community, there is a significant shortage of primary care providers. Patient panels – that is, the number of patients for whom a single provider cares for such as an internist or Family Medicine Physician – are typically 1500-2500 patients. Most of our Primary Care physicians care for 1.5 to 2 times that number at the current time. Given our high volumes, our current Physicians can't simply "see more patients" without sacrificing quality of care, which we are unwilling to do. Adding additional demands, under this or any managed care program, will force patients to receive care at the Emergency Department or a walk-in center, which in turn leads to inflated costs. Under managed care plans, these costs are often denied as "unnecessary," creating financial disaster for hospitals and providers.

Given these challenges with Primary Care physician panels, and as Medicaid rolls expand, our ability to absorb these patients into primary care providers is limited. While Benefis is recruiting for Primary care doctors, we

are competing for quality candidates against hospitals, health systems, physician groups and other healthcare related entities in all fifty states. What this means is; there is no quick solution to this problem.

The consequences of this are:

1. our definition of a primary care provider will need to change,
2. wait times will increase
3. Nurse Practitioners and Physician Assistants will become much more common as they can extend the limited supply of physicians and;
4. Recruiting of Primary Care Physicians will become much more expensive due to increased demand.

In closing, let me confirm Benefis Health System supports this proposed legislature. Our concern is about having adequate capacity in our physician community to service our patients in low-cost, non-emergent environments.

Thank you.